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Intergovernmental Preparatory Committee for
the Third United Nations Conference on the
Least Developed Countries
First session
New York, 24 July 2000
Agenda item 7

DRAFT REPORT OF THE INTERGOVERNMENTAL PREPARATORY COMMITTEE ON ITS FIRST SESSION

New York, 24 - 28 July 2000

Rapporteur: Mr. R. T. Dogani (United Republic of Tanzania)

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INTRODUCTION

1. The Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries held its first session at United Nations Headquarters, New York, from 24 to 28 July 2000.

Opening statements

2. The **Secretary-General of UNCTAD** and of the Conference said that the central question to be addressed was the 20-year-old credibility problem over commitments to reverse the increasing marginalization of LDCs and put them on a sustainable development path. The fact that the two Programmes of Action had not been implemented had led the LDCs to ask themselves quite legitimately why they should place their faith in a third Conference and yet another global programme of action. The greatest challenge for the international community was therefore to deal with the credibility gap and the growing frustration of the world's poorest countries.

3. In taking up that challenge, it would be important to avoid revisiting issues that had been exhaustively discussed at earlier UN Conferences, including UNCTAD X. The real problem was lack of political will to pursue the implementation of the commitments entered into at those Conferences. It would also be important to develop a pragmatic vision of a set of concrete, action-oriented or implementable commitments that would result in tangible benefits in each of the LDCs, based on a genuine partnership. The inputs provided by country-level preparations would help achieve results that responded to the concerns of individual countries. Agreement would have to be secured on mechanisms to oversee and monitor the realization of the commitments in the identified critical areas, and this would require a multi-stakeholder approach. The creation of such mechanisms would be a major achievement, providing an innovative response both to the credibility problem and to the LDCs' frustration about the impact of development cooperation. And finally, it would be important to ensure effective country-level implementation of the Conference outcomes, since the work between global commitments on international support measures and country development objectives had been a key factor in the failure of the two previous Programmes of Action.

4. In the course of the country preparations, a number of expectations had emerged on the part of LDCs. They wanted to reduce the structural handicaps that hindered improvement of their economies; to reduce their economic vulnerability with a view to seizing new economic opportunities; to facilitate the involvement of all actors – governments, the private sector and civil society at large; and to establish a post-Conference follow-up mechanism to ensure that for each LDC the national programme of action would be able to translate a new package of commitments into actual benefits.

5. A result-oriented Conference implied innovation in both substance and process. It meant organizing several well-focused forums aimed at promoting specific programmes and initiatives in such areas as health (HIV/AIDS), infrastructure development, food security, city-to-city cooperation and electronic commerce. Long-standing issues such as promoting investment in LDCs, debt relief and ODA would involve eliciting specific commitments from various development partners, private sector entities and civil society at large. The prerequisite for collective success would be to endow LDCs with genuine and proactive ownership of the policies, measures and initiatives to emerge from the Conference.

6. The **Chairman** said it was encouraging to note that serious efforts had been made to involve all stakeholders in the preparatory process for the Conference in a manner that would enable them to have a sense of direct ownership of the outcome of the Conference and full involvement in the implementation of its results. The emphasis being put on comprehensive and participatory country-level preparation was particularly welcome, each country had its own national peculiarities, potential and opportunities.

7. Over a period of 30 years, the number of LDCs had increased to 48. The traditional obstacles to development in LDCs had been further exacerbated by the ongoing processes of globalization and liberalization and two decades of international action in favour of LDCs had not led to significant progress in transforming the economies of these countries. The LDCs could not derive appropriate benefits from the ongoing processes of globalization and liberalization unless radical interventions were made to improve their productive capacity and overcome other supply-side constraints.

8. The above state of affairs raised a number of questions: Why a Third Conference on LDCs? What was going to be different this time? Was there a risk of raising expectations which could not be met? Was there a danger of perpetuating a dependency mentality? What about Conference fatigue? The Preparatory Committee should seek to provide meaningful answers to these questions, and there were reasons for optimism. A number of LDCs had continued to implement and sustain sound macroeconomic policies in a context of pluralism, improved governance and stability. Some had achieved significant success in expanding and diversifying their economic base and improving social indicators. There had also been encouraging developments as far as international support measures were concerned. A number of developed countries had consistently met and surpassed the ODA targets contained in the Programme of Action, and there had been positive developments on the debt question. There was a growing consensus that the debt of LDCs was unsustainable, and decisive and immediate action was required.

9. Finally, an important issue which should be thoroughly examined during the preparatory process for the Conference was the adequacy and effectiveness of implementation, follow-up and monitoring mechanisms at the country, regional and global levels.

10. The **spokesman for the Group of 77 and China (Nigeria)** underscored the fact that the Third United Nations Conference on the Least Developed Countries was an undertaking of the entire international community. Despite their best efforts at economic reform, the LDCs had been unable to meet their goals, including that of poverty reduction. That failure was morally unacceptable and should impel the international community to redouble its support for the LDCs. The new Programme of Action for the LDCs should be flexible enough to adapt to future changes in the global economy and within LDCs themselves, including developments in information and communications technologies and biotechnology; and it should take account of the outcome of major international conferences and summits, as well as of social and political developments and such phenomena as natural disasters and disease. The new Programme must be concrete and practical, with clear and measurable targets and a time-frame for implementation.

11. International support measures remained necessary to jumpstart the LDCs' economies. Official development assistance (ODA) would continue to play a key role in financing development of LDCs and should be targeted in such a way as to make a difference to livelihoods and leverage enhanced growth and development. He expressed support for the goals of quota-free and duty-free access for all exports of LDCs and for measures to overcome supply-side constraints that made it difficult for them to compete. While the highly indebted poor countries (HIPC) initiative had made a positive contribution to the debt issue, the international community must ensure that the initiative was fully funded and more easily accessible; at the same time, more work needed to be done on the issue of sustainability of LDC debts. In order to leverage foreign direct investment flows to the LDCs, a participatory approach was needed within the framework of cooperative and innovative arrangements involving Governments, the public and the private sector.

12. The **Coordinator of the LDCs (Bangladesh)** noted that, since the adoption of the Programme of Action for the 1990s, there had been major changes in political paradigms and significant breakthroughs in communications and technology which had brought about sweeping changes in the way business was done. The wealth created by globalization had unfortunately not benefited the LDCs. They had been bypassed in trade, investment and capital flows, and continued to witness extreme levels of poverty and declining standards of living. He expressed satisfaction that the international community was united in its view that comprehensive and concrete measures were required to reverse the plight of LDCs. The biggest challenge, however, was to transform this general intent into true political commitments.

13. It was accepted that the onus lay on LDC Governments to design, implement and follow up on programmes of socio-economic development, but even in cases where LDCs themselves had made great efforts, those were not recognized, and commensurate international support measures had not been forthcoming. The diverse efforts made by LDCs in implementing the 1990s Programme of Action and the severe problems they were confronted with included: implementation of structural adjustment programmes, often with considerable human and social costs; opening up of markets, often without

addressing structural constraints and institutional weaknesses; measures to create an environment conducive to investment, despite low domestic savings and resource mobilization; overwhelming dependence on agriculture, low export diversification and inability to access world agricultural markets on favourable terms; a narrow manufacturing base, and tariff and non-tariff barriers to exports of LDCs; difficult geophysical characteristics, such as lack of physical infrastructure, inadequate communication facilities, and excessive transport costs; and low levels of human resource development.

14. LDCs' development efforts must be complemented by support measures to make resources available in support of LDCs' development policies and to ensure an effective partnership between LDCs and their development partners. Priority areas which needed to be given consideration by the Preparatory Committee included the reorientation of aid programmes, in particular the fulfilment of commitments undertaken by donors with regard to ODA flows in favour of LDCs (0.15 to 0.20 per cent of GNP as ODA); a decisive reduction of the debt burden of LDCs and complete debt cancellation to release resources for human and social development; increased FDI flows to LDCs in strategic sectors; quota-free and duty-free market access for all products from all LDCs; addressing supply-side constraints of all LDCs, including infrastructure and institution and capacity-building; and eradication of poverty in LDCs.

15. He hoped that the deliberations in the Committee would result in strong, concrete and realizable commitments and the generation of political will to honour those commitments. He expressed his appreciation to the UNCTAD secretariat and in particular the Office of the Special Coordinator for Least Developed, Land-locked and Island Developing Countries for its role in the preparatory process for the Conference and looked forward to its continued substantive support.

16. The **representative of France, speaking on behalf of the European Union, as well as Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Cyprus and Malta**, said that the Third LDC Conference provided a unique opportunity, on the one hand, to adapt the action of the international community to the needs and expectations of LDCs, and on the other hand, to provide LDCs with the opportunity to analyse their internal development constraints and take ownership of their development process. Good governance, namely transparent and democratic management of public affairs by accountable national institutions, was as important as an international environment favourable to sustainable development. The EU was committed to the success of the Conference, which should focus on poverty eradication, with the target of reducing absolute poverty by half by the year 2015. The involvement of the EU in favour of ACP countries, many of which were LDCs had been reflected since 1975 in the various Lomé Conventions, and had found a new start with the signing of the recent Cotonou Convention. In order to achieve concrete results, the Conference should identify a limited number of objectives. Furthermore, LDCs should be actively involved throughout the preparation process and in the Conference itself. Civil society should also be actively involved. Regional economic integration initiatives, essential to economic growth and synergies between neighbouring countries, were being

supported by the EU. However, the one-size-fits-all approach should be avoided in development cooperation, and LDCs should be dealt with individually, based on their specific needs. Finally, the European Union was committed to participating in the Preparatory Committee constructively, and the EU hoped the final act of the Conference would be concise and operational.

Chapter IV

ORGANIZATIONAL MATTERS

A. Opening of the session

1. The first session of the Intergovernmental Preparatory Committee for the Third United Nations Conference on the Least Developed Countries was opened at United Nations Headquarters, New York, on Monday, 24 July 2000, by Mr. Rubens Ricupero, Secretary-General of the Conference.

B. Election of officers
(Agenda item 1)

2. At its first plenary meeting, the Preparatory Committee elected its officers as follows:

Chairman:	H.E. Mr. Jacques Scavée (Belgium)
Rapporteur:	H.E. Mr. Richard T. Dogani (United Republic of Tanzania)
Vice-Chairmen:	Mr. Aho Glele Edouard (Benin)
	H.E. Mr. Bjorn Skogmo (Norway)
	H.E. Mr. Pierre Lelong (Haiti)
	Mr. Sandor Mozes (Hungary)
	Mr. Yuji Kumamaru (Japan)
	H.E. Mr. Alounkeo Kittikhoun (Lao People's Democratic Republic)
	H.E. Mr. Subhas Chandra Mungra (Suriname)
	Mr. Richard T. Dogani (United Republic of Tanzania)

3. The Committee decided that H.E. Mr. Philippe Petit (France), President of the Trade and Development Board; Madame Catherine Gras of France, holder of the Presidency of the European Union, host to the Conference; H.E. Mr. Anwarul Chowdury (Bangladesh), Coordinator for the LDCs; the Regional Coordinators; and China would be fully associated with the work of the Bureau.

4. It further decided that, if it decided to establish working groups, the Chairmen of such working groups should be chosen from among the eight Vice-Chairmen.

C. Adoption of the agenda and organization of work
(Agenda item 2)

5. At its first plenary meeting, the Preparatory Committee adopted its agenda, as orally amended (for the agenda as adopted, see annex I).

6. At the same meeting, the Preparatory Committee agreed to the organization of work as proposed in document A/CONF/191/IPC/1/Add.1, with the following adjustments: the programme for Thursday would be taken up on Tuesday, with the programmes for Tuesday and Wednesday rescheduled accordingly; and the interactive debates would take place in informal sessions.

Annex I

AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Substantive preparations for the Conference

   (a) Review of progress in the preparatory process for the Conference

   (b) Assessment of progress in the implementation of the Programme of Action during the 1990s

4. Provisional agenda and organization of work for the Third United Nations Conference on the Least Developed Countries

5. Provisional rules of procedures for the Conference

6. Other business

7. Adoption of the report of the Intergovernmental Preparatory Committee